

# King County Auditor's Office

Kymber Waltnunson, King County Auditor



King County

DATE: August 25, 2014

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltnunson, King County Auditor

SUBJECT: Follow-up on 2013 Performance Audit of the Office of Risk Management

King County's Office of Risk Management (Risk Management) made substantial progress in addressing the seven recommendations in our 2013 audit. Their efforts have significantly advanced a comprehensive enterprise risk management program to identify and address major risks faced by the County. They have established an Enterprise Risk Management Work Group and developed an implementation plan for assessing and selecting highest-priority risks, determining actions, and measuring progress. In partnership with Safety and Claims Management and Metro Transit, they have enhanced training efforts to improve driver safety for both transit and non-transit employees. Along with these efforts, Risk Management has improved internal and external performance reporting.

Additional actions are needed, however, to fully implement enterprise risk management throughout King County (Recommendation 2), to establish performance goals for reduced non-transit accidents (Recommendation 3), and annual transit operator retraining (Recommendation 5). Our office will continue to monitor and report throughout the implementation process and further information will be available to the County Council in Risk Management's annual report.

Of the seven audit recommendations:

DONE	4	Recommendations have been fully implemented Auditor will no longer monitor
PROGRESS	3	Recommendations are in progress or partially implemented Auditor will continue to monitor
OPEN	0	Recommendations remain unresolved Auditor will continue to monitor

Please see below for details on the implementation status of these recommendations.

### Implementation Status as of August 2014

#	Quick Status	Recommendation	Status Detail
1	DONE	<p>We recommend that the Office of Risk Management, in consultation with the County Executive, develop a comprehensive framework to address the fundamental organizational management and performance components of ERM consistent with ISO 31000, including:</p> <ul style="list-style-type: none"> <li>• overall goals, and a review schedule for monitoring, review, and improvement of the ERM framework;</li> <li>• creation of the Advisory Committee with a clear designation of its members, meeting schedule, deliverables, and deadlines, and the methodology the Committee will use in gathering, reviewing, and prioritizing risk prevention efforts;</li> <li>• integration of the risk management process into departmental strategic and/or business planning; and,</li> <li>• a performance and accountability system for ensuring that the risk assessment and treatment process is occurring and that treatment recommendations are implemented.</li> </ul>	<p>The Office of Risk Management has developed a comprehensive plan that addresses all the elements of the recommendation. The components are addressed across a series of documents:</p> <ul style="list-style-type: none"> <li>• Risk Management Proviso Response Report (Ordinance 17696, Section 22, Proviso P1)</li> <li>• Risk Management’s proposed amendment to KCC 2.21.030 re: annual reporting and monitoring</li> <li>• ERM Work Group Charter</li> <li>• Supporting Work Group presentations and implementation tools</li> </ul> <p>Risk Management provided a draft schedule that they plan to refine as the ERM Work Group completes its first year of work. Risk Management’s annual report (each March) will provide an update to the County Council as to performance goals and progress.</p>
2	PROGRESS	<p>We recommend that the Office of Risk Management, concurrent with development of the ERM framework identified in Recommendation 1, develop an ERM implementation plan that includes:</p> <ul style="list-style-type: none"> <li>• an initial schedule of departments for pilot implementation of the risk management process and tools as identified in the 2012 Line of Business report, with deliverables concurrent with business planning processes;</li> <li>• specific performance targets for developing and evaluating departmental assessment, treatment, and reevaluation of risks; and a schedule for ongoing implementation of ERM through all county departments and agencies.</li> </ul>	<p>Risk Management has developed an implementation plan, detailed in the Work Group Charter. The plan appropriately links ERM framework with major department participants.</p> <p>Risk Management reports that the specific timeline for “all KC departments and agencies” will be addressed as the Work Group completes its work, prioritizing its efforts based on identified highest-priority risks.</p>

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3	PROGRESS	The Office of Risk Management should collect vehicle accident data for non-transit vehicles per total miles driven and establish annual performance targets for reducing non-transit vehicle accidents.	Risk Management has made progress in linking vehicle accident data to risk treatments and goals for non-transit accidents. Data challenges related to miles traveled and accident data have made development of performance measures difficult. Risk Management states that they are conducting an analysis of vehicle accident data based on repair records, and will be developing targets from that work.
4	DONE	The Office of Risk Management, in conjunction with the Office of Safety and Claims, should develop a countywide system that establishes and enforces a uniform driver safety training requirement for all non-transit county employees who drive routinely at work.	Risk Management and Safety and Claims have a routine program where drivers who need periodic training are identified and contacted for refresher training. The system is manual, but does track individual employees.  Moving forward, Risk Management should ensure that efforts to include centralized tracking within Human Resources databases are supported.
5	PROGRESS	The Office of Risk Management, in conjunction with Metro Transit, should require some level of annual bus driver safety retraining consistent with transit agency best practices.	All Metro Transit drivers underwent pedestrian retraining this year. Annual training program components are under development in concert with other regional transit organizations.  Metro Transit should continue work on an annual safety retraining program with documented program criteria.
6	DONE	We recommend the Office of Risk Management include workers compensation costs as a component of King County's annual Cost of Risk Index.	The Cost of Risk index now includes a worker's compensation component within Risk Management's annual report.

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7	DONE	We recommend that the Office of Risk Management should develop performance measures, and maintain the data to support them, on investigator open/closed claims caseloads, closure rates and by King County departments.	<p>Risk Management has data that tracks time from customer contact to response, open/closed case ratio, and case closure rates for the office and by investigator.</p> <p>Risk Management has developed targeted quality and delivery measures for ongoing process review.</p>

Justin Anderson, Senior Management Auditor, conducted this review. Please contact Justin at 477-1046 if you have any questions regarding this follow-up letter or the implementation status of any of the audit recommendations.

cc: Dow Constantine, King County Executive  
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